

Word of Mouth Marketing in Increasing the Repurchase Intention of Private Label Products in Minimarkets

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ABSTRACT

The development of private label products for products sold by retailers is increasing. This condition is an opportunity to increase sales. Retailers can reduce fixed costs with private label sales and require a strategy to encourage consumers to repurchase the product. Word of Mouth Marketing (WOMM) was used to overcome the repurchase intention problem in this study. The research objective was to determine how much influence the performance of Word of Mouth Marketing on Repurchase Intention on private label products in minimarkets. The subjects of this study were minimarket consumers who used 115 private label products. The type of research used was descriptive and verification. Explanatory survey method with cluster sampling technique was used with sampling calculation using iteration method. The data analysis techniques employed path analysis. The results in the study state that Word of Mouth Marketing affects repurchase intention. The performance of Word of Mouth Marketing has a positive and significant influence on the repurchase intention of private label products.

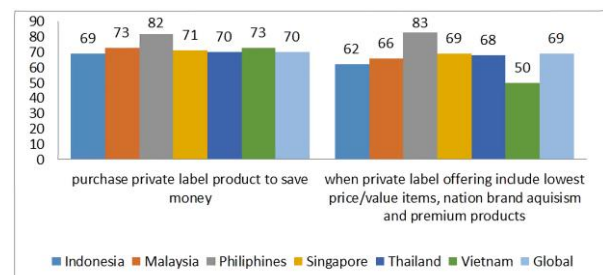
Keywords: *Word of Mouth Marketing, Repurchase Intention, Private Label, Minimarket.*

1. INTRODUCTION

The retail business in Indonesia is divided into two, namely traditional retail and modern retail. The development of modern retail continues to increase every year. Indonesia is ranked 12th globally in the 2015 Global Retail Development Index (GRDI) released by AT Kearney. The Global Retail Development Index (GRDI) ranking covers the top 30 and developing countries for retail investment worldwide. Indonesia has a vast population, and each population has different needs, so it becomes a business opportunity for retail entrepreneurs. This fact also makes the retail business continue to grow from year to year because of the people's high purchasing power, and Indonesian people also tend to be consumptive [1].

In Indonesia, the development of the retail business has shown an increasing development from year to year. In six years, from 2007 to 2012, the number of modern retail outlets in Indonesia experienced an average growth of 17.5% per year. The growth of retail itself in Indonesia has an average growth of 10% -15% per year

[2]. The high competition in the retail business requires companies to be more proactive and selective in determining marketing strategies. Companies are required to be more concerned with and pay attention to the needs and desires of the market by trying to prioritize consumers' needs and desires. Only in this way, it is hoped that the company will be able to compete in defending and seizing an increasingly limited market. One strategy that can be used to face increasing retail competition is private label brands [3]. In Indonesia, private label products have been widely recognized by the public and are currently being applied by many retail companies. Fig. 1 is the data on the number of purchases of private label products in Asia and Global:



^a. [4]

Figure 1 Percentage of Total Purchases of Private Label Products in Asia and Global

Based on Fig. 1. which is the result of the Nielsen Global Private Label Survey, as many as 69% of Indonesian consumers think the private label is getting better. The same thing happened to Singapore, which reached 71%. Other ASEAN countries also view the private label as better, such as in Vietnam (73%), Thailand (83%), and the Philippines (82%). Private label products are an option for consumers to cheaper products, or in other words, customers who prioritize the price factor. Retailers should issue private label products to provide an alternative for consumers to get a product at a competitive price.

Repurchase intention is a commitment made by consumers after consumers are satisfied with the product or service they have purchased [5]. This commitment arises from a positive impression of consumers on a brand [5]. The approach used to overcome the problem of repurchase intention in this study is Consumer Behavior's theory [6]. This suggests that the factors that influence repurchase intention include environmental factors such as price, promotion, product, and consumer cultures such as religion, ethnicity, reference group, and social class, as well as factors that come from consumers themselves such as economic situation, purchasing power, lifestyle, perceptions, and status. Word of Mouth Marketing (WOMM) is a factor used to overcome the problem of repurchase intention in this study because WOMM is part of the promotion in a marketing mix that can change consumer behavior through the interpersonal communication [7]. Besides, the perceived price also has a dominant influence on private label brands' development compared to other variables. Price has a role in showing product quality, loyalty, and brand awareness [8].

Based on this background, researchers need to conduct research with the title "Word of Mouth Marketing (WOMM) on Repurchase Intention in Private Label Products (Case Studies on Minimarket Consumers in Bandung)" to find solutions that can solve problems regarding repurchase intention in private label products.

1. 1Repurchase intention

Purchase interest shows an emotional reaction that results from an overall consumer evaluation of a product and also shows the possibility that consumers want to buy the product [9]. According to [10], the definition of purchase intention proposes the latest advances in service quality and introduces the conceptualization of service quality and value to consumer intentions to buy products and services. According to [11], repurchase

behavior is closely related to brand loyalty, which most companies strive for because it contributes to more excellent market stability.

Repurchase intention is an individual assessment of the repurchase of a product or service that is shown from the same company by considering the situation during the repurchase. Buy-back intentions can be included under the more general concept of "behavioral intentions," which include intentions other than those related to repurchasing.

1. 2Word of mouth marketing

Word of Mouth Marketing (WOMM) is considered to have higher effectiveness than traditional advertising because WOMM comes from informants who are more trusted by consumers and mostly come from the closest group of people. [12] explains that WOMM is a personal communication that is considered very effective in providing information about a product, service, event, idea, individual, politician, and places. [13], Word of Mouth Marketing (WOMM) is oral, written, and electronic communication between people related to the advantages or experiences of buying or using a product or service.

Reference [14], Word of Mouth Marketing is a conversation designed online and offline to have multiple effects, non-hierarchical, horizontal, and mutational.

The purchase decision is a mediation between customer satisfaction and the experience that consumers feel. Satisfied customers will have repurchase intention of the same product. Repurchase Intention refers to the possibility of using the brand again in the future [15]. Repurchase intention is measured by three indicators. Those are repeat purchase intention, repeat purchase probability, and word of mouth [16]. The description of the relationship between the perception of the influence of Word of Mouth Marketing on Repurchase Intention is seen in the following Fig. 2:

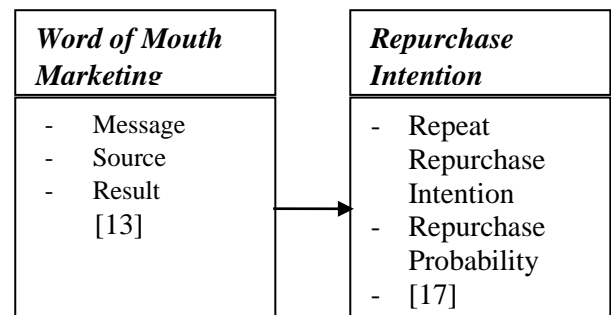


Figure 2 Research framework

2. METHODS

This research was conducted at a minimarket in the city of Bandung. The objects used as respondents in this study are minimarket consumers who have used private label products.

The data used are secondary data obtained from pre-research field surveys and the company's official website being studied.

This research is descriptive and verification research. Using explanatory survey method with cluster sampling technique. In this sampling, an error level of 5% was used to represent the sample used. In this study, a minimum sample of 115 respondents was determined.

3. RESULTS AND DISCUSSION

3.1. Empirical discussion

3.1.1. Repurchase Intention

Based on the results of empirical research on Repurchase Intention of private label products in minimarket consumers in Bandung, the findings show that the dimension of repeat purchase intention is the dimension that has the highest level of achievement with 77.97%. The value of the Repurchase Intention continuum is in accordance with the research data, which is in the good category. Thus it can be said that almost all consumers say that Repurchase Intention on private label products in minimarkets in Bandung is going well. This is following what was stated by [18] that Repurchase Intention occurs after a consumer makes a purchase. It can be due to having consumed a previously purchased product so that he intends to repurchase the same product or service. Repurchases usually indicate that the product is suitable for consumers, and consumers are willing to reuse the product in larger quantities [19].

3.1.2. Word of mouth marketing (WOM)

Based on the results of empirical research regarding the Word of Mouth Marketing (WOMM) in minimarket consumers in Bandung, it is produced that the dimensions of information sources get the highest percentage of achievement with a percentage level of 77.30%, and the result dimensions get the lowest percentage of achievement with a percentage level of 73.74. %. The value of the Word of Mouth Marketing (WOMM) continuum is in accordance with research data, which is included in the good category, that almost all consumers say that Word of Mouth Marketing (WOMM) is running quite well. This is following what was stated by [12], Word of Mouth Marketing (WOMM) is effective for influencing someone because the information provided by other individuals is

considered honest and unusual. People tend to trust the information they receive from someone they know about a product more than the information available in various media.

3.2. Verivicative discussion

3.2.1. Normality test

The normality test is a test carried out to assess the distribution of data in a group of data or variables. The normality test is carried out to determine whether the data taken comes from a normally distributed population. A good regression model is typically distributed or close to normal. Normality testing is carried out through the Kolmogorov Smirnov test, Lilliefors correction with the SPSS 24.0 software. The following results are obtained by Table 1:

Table 1 Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		115
Normal Parameters a,b	Mean	.0000000
	Std. Deviation	.39025767
Most Extreme	Absolute	.045
Differences	Positive	.033
	Negative	-.045
Kolmogorov-Smirnov Z		.483
Asymp.Sig. (2-tailed)		.975
Test distribution is Normal		
Calculated from data		

Source : data processing result SPSS 2017

Based on the table above, normality analysis using the Kolmogorov Smirnov method shows the normal apable curve of Asymp Sig. is above the maximum error limit of 0.05. The regression analysis tested for normality is the residual or disturbance variable that is random stochastic, so the data above can be used because the residual variables are normally distributed.

3.2.2. Multicollinearity test

The multicollinearity test is used to determine whether there are deviations from the classic multicollinearity assumption, namely the linear relationship between independent variables and the regression model. The prerequisite that must be met in the regression model is the absence of multicollinearity. To determine the presence or absence of multicollinearity is to use Variance Inflation Factors (VIF) with the help of SPSS 24 software, the following results are obtained by Table 2:

Table 2. Multicollinearity test

Model		Coefficients ^a	
		Collinearity Statistics	
		Tolerance	VIF
1	Word of Mouth Marketing (X1)	.623	1.605

Dependent Variable: Repurchase Intention (Y)

Source : data processing result SPSS 2017

Based on Table 2 above, it is known that the VIF value is less than 10, so it can be concluded that there is no multicollinearity in the data.

3.2.3. *Heterocedasticity test*

The Heteroscedasticity test is used to determine whether there are deviations from the classical assumptions of heteroscedasticity, namely the inequality of variants of the residuals for all regression model observations. The prerequisite that must be met in the regression model is the absence of heteroscedasticity symptoms. To test the presence or absence of heteroscedasticity, it is done by correlating each independent variable with its absolute residual value using the Spearman Rank correlation with the help of SPSS 24. The following results are obtained by Table 3:

Table 3. Teterocedasticity test

Coefficients			Unstandardized Residual
Spearman's rho	Word of Mouth Marketing (X1)	Correlation Coefficient	
			.035
		Sig. (2-tailed)	.707
		N	115

Soyrce: data processing result SPSS 2017

Based on Table 3 above, it can be seen that there is an insignificant correlation. This can be seen from the p-value (Sig), which is greater than 0.05, so it can be concluded that heteroscedasticity does not occur in the regression model.

3.2.4. *Hypothesis test*

The main hypothesis of this research is that Word of Mouth Marketing (WOMM) (X1) affects Repurchase Intention (Y). The research hypothesis is stated in the following equation (1) statistical hypothesis:

$$H_0 : \rho_{yx1} = \rho_{yx2} = 0 \tag{1}$$

H1 : at least 1 , i = 1 and 2

The test statistics used are equation (2):

$$F = \frac{(n-k-1) \sum_{i=1}^k p_{yxi} r_{yxi}}{k(1 - \sum_{i=1}^k p_{yxi} r_{yxi})} \tag{2}$$

Test criteria, Reject Ho if F count \geq F table, accept Ho in other cases. Where F table is obtained from the distribution table F with = 5% and degrees of freedom

db1 = k, and db2 = n-k-1. Table 4. Simultaneous hypothesis testing are follows:

Table 4. Simultaneous Hypothesis Testing

Alternative Hypothesis	F count	db	F table	Decision	Conclusion
X1 and X2 simultaneously affect Y	85,770	db ₁ = 2	3,007	H0 rejected	significant
		db ₂ = 112			

Source : data processing result SPSS 2017

After calculating the path coefficient, it can be seen how much direct and indirect influence and the independent variables' total effect (Word of mouth marketing, Perceived price) on the dependent variable (Repurchase intention). The calculations are explained as follows by Table 5:

Table 5. Direct and Indirect Influence of Word of Mouth Marketing (WOMM) (X1) and Perceived Price (X2) on Repurchase Intention (Y)

Relationship	Path coefficient	Direct effect	Indirect effect through		Total Effect
			X1	X2	
X1-Y	0,408	0,167	-	0,115	0,281
The total effect of X1 on Y					0,605

Source: data processing result SPSS 2017

4. CONCLUSIONS

4.1. Conclusion

The description of the repurchase intention of private label products to minimarket consumers in Bandung is good based on the calculation of the ideal score, the highest assessment is repeat repurchase intention, and the lowest is the repurchase probability. In other words, consumers will use the same company to make repeat purchases in the future. In purchasing behavior, the first purchase made by the consumer can actually be a trial purchase. If the consumer is satisfied with the first purchase, he will likely make a repurchase.

Word of Mouth Marketing (WOMM) for minimarket consumers in Bandung is the highest source of information. This shows that people tend to trust the information they receive from someone they already know to explain a product compared to the information available in various media. Word of Mouth Marketing (WOMM) has a high effect on the Repurchase Intention of private label products in minimarket consumers in Bandung.

4.2. Recommendation

The important thing that companies must pay attention to in implementing a positive Word of Mouth Marketing (WOMM) is to make private label products

following what consumers expect. Assessments that will be the subject of conversation for consumers at the minimarket include a comfortable place, shopping points, discounts, promotional prices, and product completeness. Placing private label products in a position that is easily accessible to consumers with attractive offers such as buy 1 get 1 free promotion, sales package systems, discounts for slow-moving items are expected to create positive WOMM in consumers.

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